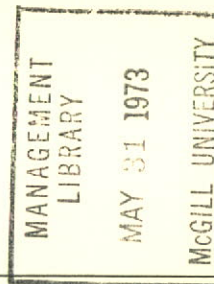


**First
Quarter Report
Diversified
Investment Funds
January 1 to
March 31, 1973**

INTERNATIONAL TRUST COMPANY



1

Andreae Equity Investment Fund Limited

Comparisons between	GRAPH COLOUR	VALUE MAR. 31/73	VALUE DEC. 31/60	PERCENT CHANGE SINCE DEC. 31/60
Andreae Equity Fund (Excl. Div.)	□	\$ 5.45	\$ 1.63	+ 234.4%
T.S.E. Industrial Index	■	223.77	108.20	+ 106.8%
Dow Jones Industrial Average	■	951.01	615.89	+ 54.4%

These comparisons are based upon closings from December 31, 1960 to March 31, 1973





Despite the many unsettling, if not frightening events of the past few months, the economy continues to move ahead at a sure and steady pace. By most historical yardsticks, 1972 was a vintage year.

Gross National Product at market prices climbed 10.5%, the largest increase since 1966, to reach a new high level of \$102.9 billion. The growth rate was higher than the 8.9% of 1971, but the rate of inflation was also higher so that the real rate of growth was 5.5% in 1972 the same as in 1971. The rise in the general price level as measured by the implicit price index was 4.9% in 1972 compared to 3.3% for 1971.

This uncomfortably high rate of inflation was largely caused by food prices which rose 8% in the year, the largest rate of increase in over a decade. Export prices, particularly of lumber and food, rose 3.1% in 1972 after being flat in 1971, and were an important factor in the 1972 total experience. Other important elements were housing construction prices, up 8.4% in 1972 compared to 6.1% in 1971, and semi-durables, where prices were up 2.8% versus 1.8% the year before.

The consumer sector remained the greatest source of strength in 1972. One might expect this to be the case in the second year of

economic recovery, and it is encouraging that the volume gain was 7.5%, the strongest since 1955.

Total consumer spending rose 11.6%, compared to an increase of 7.8% in 1971, and reached a level of \$60.2 billion, roughly 60% of GNP.

Government current spending, about 20% of GNP, was up almost 12% in 1972, which was roughly the same increase as in 1971. In both years it was a source of strength in the economy.

Housing continued to boom in 1972. The volume of residential construction was up 9.5% in 1972 after being up almost 16% in 1971. Here inflation was strong so that the value of housing construction rose almost 19% following a rise of 23% in 1971.

As one might expect in the early years of an economic recovery, capital spending was low in 1972. Outlays on business plant and equipment were up 6.4% last year compared to 5.8% in 1971, well below the growth of the total economy in both years. Actually spending on non residential construction declined in real terms in 1972, and in current dollars was up 2.7%.

One of the strongest areas in 1972, and one which is of fundamental importance for securities markets, was corporation profits. After rising at a very healthy rate of

almost 16% in 1971, profits before taxes were up almost 20% in 1972.

It is interesting to note that as a percent of GNP, corporation profits recovered strongly in 1971 and 1972, and were 10.5% in the latter year. They had fallen off during 1969 and 1970 from 10.7% in 1968.

The outlook for 1973 is good. The most recent international currency developments resulted in higher values for most major currencies against the Canadian dollar, and there has also been a tendency for our currency to weaken against the U.S. dollar. This should be beneficial to the major exporting industries. Merchandise exports were up 11.5% in 1972, and could enjoy another good year in 1973.

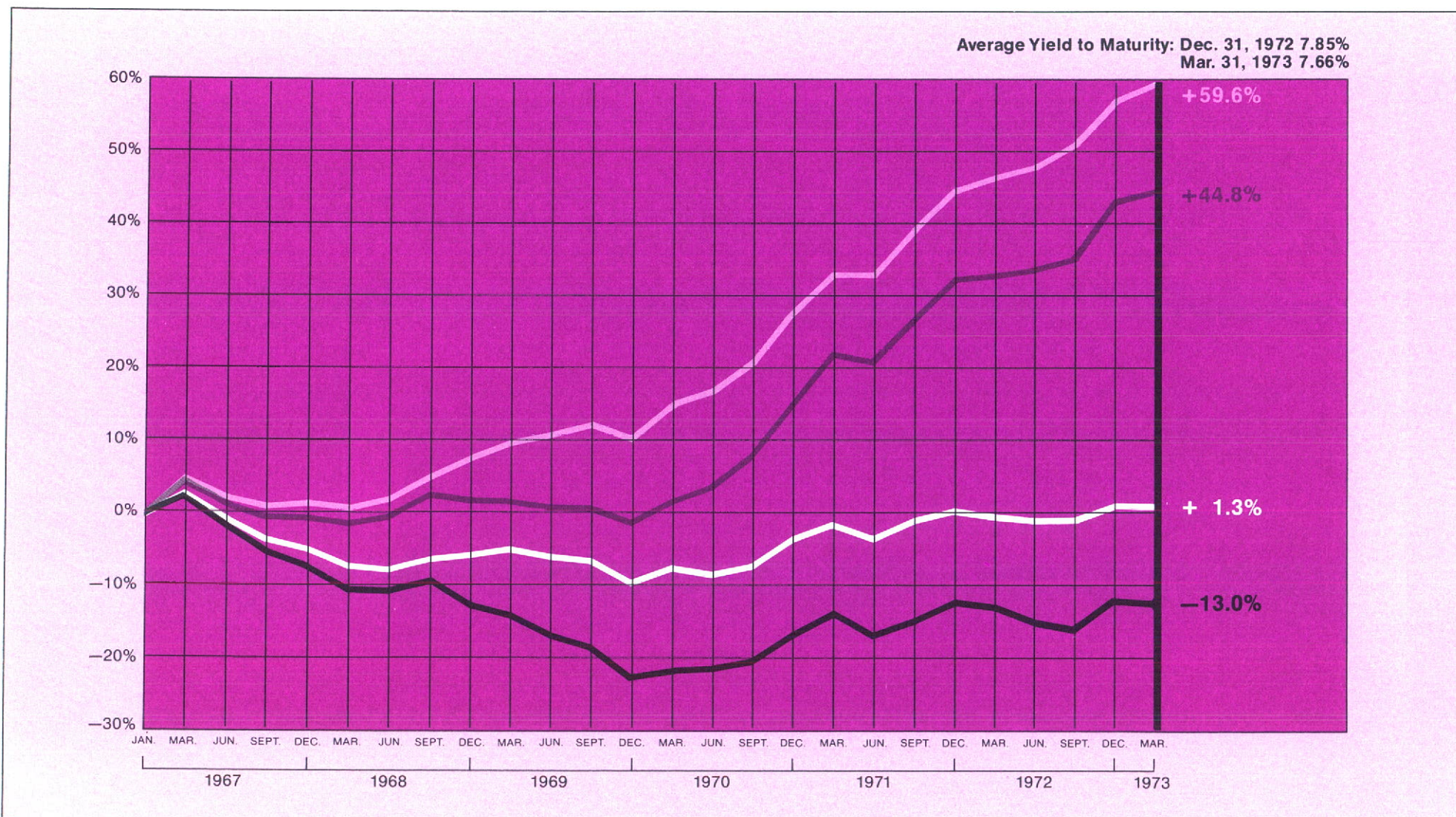
Inflation is a problem which seems likely to dog the economy through 1973. We are currently estimating a rate about equal to 1972, which is higher than desirable. We anticipate a growth in the total economy of close to 11% this year, and possibly 6% in real terms.

It would be unlikely that corporation profits would repeat the unusually sharp gains of 1971 and 1972. It would be possible, however, to see an increase of 10% before taxes, which is still above the long term average rate of growth.

CONTENTS	PAGE
Fixed Income Fund	
Comparisons with 40 Bond Index.....	2
Investment Portfolio	3
Portfolio Analysis.....	4
Canadian Equity Fund	
Comparison with TSE Industrial Index	5
Investment Portfolio	6, 7
Portfolio Analysis.....	8
International Equity Fund	
Comparison with DJIA	9
Investment Portfolio	10, 11
Portfolio Analysis.....	12
Unit Values	13

Fixed Income Fund

Comparisons between	GRAPH COLOUR	VALUE MAR. 31/73	VALUE DEC. 31/72	PERCENT CHANGE OVER QUARTER	PERCENT CHANGE SINCE INCEPTION
Fixed Income Fund	□	\$ 10.13	\$ 10.16	−0.3%	+ 1.3%
Fixed Income Fund (Incl. Income)	■	\$ 15.96	\$ 15.73	+ 1.5%	+ 59.6%
40-Bond Index	■	57.81	58.12	−0.5%	−13.0%
40-Bond Index (Incl. Income)	■	237.70	234.20	+ 1.5%	+ 44.8%



Fixed Income Fund



Investment Portfolio

Bonds/Convertible Bonds 91% Par Value		Market Value Mar. 31, 1973
\$200,000	Govt. of Canada 7% Jul. 1/77	\$ 203,750
400,000	Govt. of Canada 6½% Jun. 1/79	395,500
200,000	Prov. of Alta. 8½% Apr. 15/90	
	Prepay Apr. 15/75	216,000
150,000	Man. Hydro 9% Apr. 1/90 Prepay Apr. 1/75	162,375
250,000	Prov. of Nova Scotia 8½% Aug. 1/94	264,111
600,000	Prov. of Ont. 8% Aug. 1/97 Prepay Aug. 1/80	633,000
225,000	Hydro Elec. Pwr. Comm. of Ont.	
	9% Apr. 1/94	246,375
200,000	Hydro Elec. Pwr. Comm. of Ont.	
	7½% Apr. 5/97	195,000
200,000	Prov. of Sask. 8¾% Dec. 1/90	214,500
200,000	Alta. Gas Trk. 8% Dec. 15/91	198,000
400,000	Alum. Co. of Canada 9½% Jan. 2/91	436,000
300,000	Ashland Oil Can. Ltd. Conv. 5% Jan. 15/93	303,000
598,000	BM-RT Ltd. 6¼% Apr. 1/78 Cum. Wts.	606,970
500,000	Bank of Montreal	
	7% Apr. 1/78—7½% Apr. 1/92	495,000
400,000	Bank of Nova Scotia	
	6¾% Jul. 1/78—7% Jan. 1/92	392,000
375,000	Bank of Nova Scotia	
	7½% Jan. 1/88 Prepay Jul. 1/79	376,875
200,000	Bell Canada 8% May 1/77 Ext. 8¼% May 1/90	206,000
300,000	Bell Canada 9½% Aug. 14/90	330,000
400,000	Bell Canada 8½% Aug. 1/93	410,000
300,000	Beneficial Fin. Co. of Canada 9% Jan. 2/91	
	Prepay Jan. 2/76	312,000
500,000	Canadian Imperial Bank of Commerce	
	7¼% Dec. 15/92 Prepay Dec. 15/78	497,500
120,000	Consumers Gas Conv. 5½% Feb. 1/89	108,000
200,000	Dominion Textile Conv. 5¼% Oct. 12/92	200,000
200,000	Distillers Corp.—Seagrams 7% Dec. 15/78	197,750
300,000	Dominion Foundries and Steel 9% Feb. 1/91	318,000
200,000	† Eaton Acceptance 8¾% Jul. 15/74	
	Ext. Jul. 15/79 or Jul. 15/89	208,000
500,000	General Motors Accept. 7¾% Apr. 28/75	510,000

Bonds/Convertible Bonds 91% Par Value	Market Value Mar. 31, 1973	
\$200,000	Great Plains Dev. Co. Conv. 5% Feb. 1/93	\$ 199,000
150,000	Gulf Oil 8½% Dec. 1/89 Prepay Dec. 1/74	155,250
200,000	Gulf Oil 8%% Sept. 15/75	
	Ext. 8½% Sept. 15/90	208,000
200,000	Home Oil Conv. 5½% Feb. 1/92	231,000
200,000	Hudson Bay Mining & Smelting Co. Ltd.	
	9% June 15/91	211,500
100,000	Imperial Oil 8½% Aug. 15/89	
	Prepay Aug. 15/74	103,500
350,000	Intl. Nickel 8%% Jun. 30/91	364,000
300,000	Interprovincial Pipe Line 9%% Dec. 1/90	327,000
300,000	John Labatt 9¼% Sept. 1/90	324,000
200,000	Maritime Tel. & Tel. 8¼% Jun. 15/77	
	Ext. Jun. 15/90	204,500
500,000	Molson Industries 8¼% Nov. 1/91	505,000
100,000	N.B. Tel. 9¼% Jun. 1/90 Prepay Jun. 1/75	106,000
200,000	Noranda Mines 9¼% Oct. 15/90	215,000
400,000	Pacific Petroleum Conv. 5% May 1/92	406,000
350,000	Royal Bank of Canada 7% Apr. 15/91	
	Prepay Apr. 15/77	346,500
100,000	Simpsons-Sears Acc. 9½% Feb. 1/90	
	Prepay Feb. 1/75	109,000
400,000	Steel Co. Canada 9¼% Nov. 1/90	432,000
200,000	T.D.R.I. Limited Conv. 5½% Feb. 15/93	240,000
225,000	Trans-Canada Pipe 10% Jun. 20/90	249,750
300,000	Trans-Canada Pipe 9¼% Sept. 20/90	330,000
		\$13,902,706
Reserve 9%		
	Cash & Short-Term Notes	\$ 1,417,082
		\$ 1,417,082
	Total Assets as at Market Mar. 31, 1973	\$15,319,788

Portfolio Review and Analysis

The first quarter of 1973 was a very eventful one for bond markets and the Fixed Income Fund fared well over the period. The unit value of the Fund declined by 0.3% over the three months which was somewhat better than the 0.5% depreciation of the McLeod, Young, Weir 40-Bond Index. When income is included, the Fund appreciated to a value of \$15.96 for a gain of 1.5% which corresponded to the percentage gain of the Index.

On a net basis the Canadian money market remained virtually unchanged to slightly easier over the quarter while our dollar actually weakened slightly vis-a-vis the U.S. dollar to close the period at \$1.0012 U.S. despite massive international exchange upsets. In our long term markets all segments weakened over the quarter but by different degrees. Canadas suffered the most as yields rose by over 40 basis points while the Provincial and Corporate markets suffered rate increases of less than 10 basis points.

In a performance that in retrospect is hard to imagine, Canadian money market rates remained flat in a quarter in which U.S. and Eurodollar short rates rose by 164 and 264 basis points respectively and in which our chartered banks remained under tight rein and were net sellers of short-term security

holdings. Also, this occurred despite a breakdown of the International Monetary System in February causing a 10% U.S. dollar devaluation against gold and a subsequent closure of European exchange markets for two weeks. Despite all this, our money market rates remained flat. Among the various reasons for this, the following were predominant. Our chartered banks continued to maintain the agreement they reached in Winnipeg last June whereby their short-term deposit rates were subject to a ceiling and adequate money supply increases enabled them to adhere to this despite historically tight reserve levels. Coupled with this was a low level of demand for short term funds from the traditional borrowers, high institutional cash balances, generally profitable carrying charges to dealers, and a wide forward hedge spread which caused a steady inflow of U.S. dollars. The inflow was more than sufficient to offset any outflow to Europe taking advantage of short rates that, at times, approached 9% for 30-day terms.

Our long term markets fluctuated more erratically over the quarter to close with fairly moderate declines. Even this result was somewhat surprising given the strong inflationary pressures present in our

economy which show few signs of moderating. Inflationary fears were suppressed in investors' expectations as basic demand and supply forces dominated their attitudes. In general, the low amount of new issues prevented more serious erosion of our markets, and any weakness evident was either in reaction to the slumping U.S. market or to the international monetary crisis. Strong institutional reserves and a generally favourable technical position, also contributed to the relative strength of our long term market.

Over the quarter we were small net sellers of long term bonds. We raised the cash reserve of the Fund to 9% with the intention of rein-

vesting when the market reaches our target levels.

We still expect short-term interest rates to rise by up to 100 basis points from their end of March levels but the timing of this move is entirely dependent upon our banks and could be accomplished in a series of two or three steps. In fact, early in April the Bank Rate was raised 50 basis points to 5¼% and the banks subsequently raised their prime loan rates and their deposit rates by the same amount. We still foresee long rates moving in a relatively narrow tunnel of 7½% to 8½% with a probable bias to the higher end as inflationary pressures will more than offset a low level of new issues.

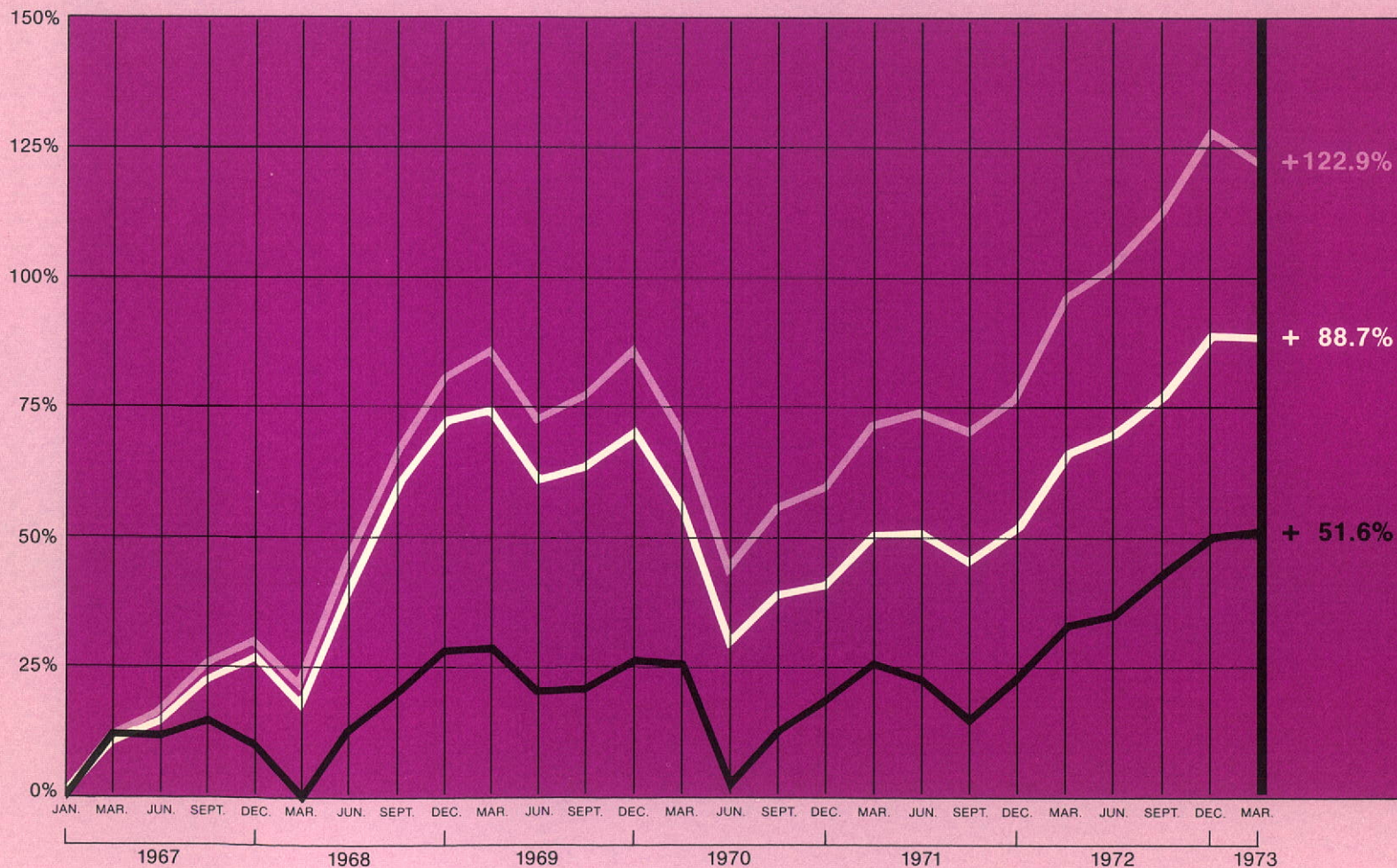
Portfolio Composition:

	Dec. 31, 1972	Mar. 31, 1973
Reserve	6%	9%
Canadas	4%	4%
Provincials	14%	13%
Corporates	66%	63%
Conv. Debs.	10%	11%
	<u>100%</u>	<u>100%</u>

Canadian Equity Fund



Comparisons between	GRAPH COLOUR	VALUE MAR. 31/73	VALUE DEC. 31/72	PERCENT CHANGE OVER QUARTER	PERCENT CHANGE SINCE INCEPTION
Canadian Equity Fund	□	\$ 18.87	\$ 18.95	-0.4%	+ 88.7%
Canadian Equity Fund (Incl. Income)	■	\$ 22.90	\$ 22.88	+ 0.9%	+ 122.9%
T.S.E. Industrial Index	■	223.77	221.57	+ 1.0%	+ 51.6%



Canadian Equity Fund

Investment Portfolio

Par Value Shares	Convertible Securities or Common Stocks	Market Price	Market Value Mar. 31, 1973	Par Value Shares	Convertible Securities or Common Stocks	Market Price	Market Value Mar. 31, 1973
Banks—14.2%				Construction & Material—1.3%			
30,000	Bank of Nova Scotia	37 $\frac{1}{8}$	\$ 1,113,750	25,000	Genstar Limited	17 $\frac{1}{4}$	\$ 431,250
48,000	Canadian Imperial Bank of Commerce	31	1,488,000	Forest Products—7.4%			
33,000	Royal Bank of Canada	34 $\frac{7}{8}$	1,150,875	80,000	Abitibi Paper Company Ltd.	11 $\frac{3}{8}$	\$ 910,000
30,000	Toronto-Dominion Bank	34 $\frac{3}{4}$	1,031,250	31,500	Domtar Limited	20 $\frac{1}{4}$	637,875
			<u>\$ 4,783,875</u>	30,000	MacMillan Bloedel Limited	31 $\frac{1}{4}$	937,500
Beverages—5.3%							<u>\$ 2,485,375</u>
22,000	T. G. Bright & Co. Ltd.	22	\$ 484,000	Insurance—8.5%			
20,000	Distillers Corporation- Seagrams Limited	40 $\frac{1}{2}$	810,000	15,000	Crown Life Insurance Company	63 $\frac{1}{2}$	\$ 952,500
10,000	Hiram Walker-Gooderham & Worts, Limited	50	500,000	15,000	Great-West Life Assurance Company	75	1,125,000
			<u>\$ 1,794,000</u>	25,100	M I C C Investments Ltd.	31 $\frac{1}{2}$	790,650
Communications—10.0%							<u>\$ 2,868,150</u>
25,000	Canadian Cablesystems Limited	17 $\frac{1}{2}$	\$ 437,500	Merchandising—4.1%			
22,800	Southam Press Limited	30 $\frac{5}{8}$	698,250	5,000	Canadian Tire Corporation, Ltd. Cl A	60	\$ 300,000
40,000	Standard Broadcasting Corp. Ltd.	13 $\frac{3}{4}$	550,000	6,500	Simpsons-Sears Limited	52 $\frac{1}{2}$	341,250
54,000	Thomson Newspapers Limited	14 $\frac{1}{4}$	769,500	25,000	Woodward Stores Limited, Class A	29 $\frac{1}{2}$	737,500
40,000	Toronto Star Limited Class B	22 $\frac{3}{4}$	910,000				<u>\$ 1,378,750</u>
			<u>\$ 3,365,250</u>				



Par Value Shares	Convertible Securities or Common Stocks	Market Price	Market Value Mar. 31, 1973	Par Value Shares	Convertible Securities or Common Stocks	Market Price	Market Value Mar. 31, 1973
Mines & Metals—18.7%				Pipelines—2.3%			
41,900	Alcan Aluminium Limited	26¾	\$ 1,120,825	30,000	Interprovincial Pipe Line Company	25½	\$ 765,000
20,000	Bethlehem Copper Corporation Ltd.	15½	302,500	Steel—3.0%			
20,000	Hudson Bay Mining & Smelting Co. Ltd.	24¼	485,000	20,000	Algoma Steel Corporation Limited	16¾	335,000
40,000	International Nickel Co. of Canada	33½	1,325,000	20,000	Steel Company of Canada Limited	33%	672,500
15,000	Mattagami Lake Mines Limited	37	555,000	Trust & Loan—3.0%			
15,000	McIntyre Porcupine Mines, Limited	48	720,000	15,000	Huron & Erie Mortgage Corporation	31¾	\$ 476,250
13,000	Placer Development, Limited	52	676,000	20,000	Royal Trust Company	25¾	515,000
25,000	Rio Algom Mines Limited	27	675,000	Miscellaneous Industrial—1.5%			
25,000	Sherritt Gordon Mines Limited	16½	415,625	40,000	Commonwealth Holiday Inns of Canada Limited	13	\$ 520,000
			\$ 6,274,950	Reserve 2.4%			
Office Equipment—6.3%				Cash & Short-Term Notes			
40,000	Moore Corporation Limited	52½	\$ 2,100,000				
Oil & Gas—12.0%				Total Assets as at Market Mar. 31, 1973			
10,000	Aquitaine Company of Canada Ltd.	25¾	\$ 257,500				
15,000	Canadian Superior Oil Ltd.	53	795,000				
10,000	Canadian Occidental Petroleum Ltd.	13¼	132,500				
10,000	Gulf Oil Canada Limited	34¾	348,750				
15,000	Hudson's Bay Oil & Gas Co. Ltd.	48¾	731,250				
20,000	Husky Oil Ltd.	21	420,000				
18,000	Pacific Petroleum Ltd.	33¾	609,750				
11,000	Shell Canada Limited, CI A	56½	617,375				
9,801	Chieftain Development Co. Ltd.	11¾	115,162				
			\$ 4,027,287				

Canadian Equity Fund

Portfolio Analysis

Portfolio Balance

	Mar. 31/72	Dec. 31/72	Mar. 31/73
Common Stocks & Equivalents	99.4%	97.8%	97.6%
Reserve	0.6	2.2	2.4
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Portfolio Composition

	Mar. 31/72	Dec. 31/72	Mar. 31/73
Consumer Products & Services	43.2%	48.0%	46.6%
Cyclical	28.4	26.3	30.4
Energy	13.3	14.3	12.0
Regulated	11.2	2.7	2.3
Technology	3.3	6.5	6.3
Reserve	0.6	2.2	2.4
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Largest Common Stock Holdings as at Mar. 31, 1973 (By Market)

	Percent of Total Portfolio
Moore Corporation Limited	6.3%
Canadian Imperial Bank of Commerce	4.4%
International Nickel Co. of Canada	3.9%
Royal Bank of Canada	3.4%
Great-West Life Assurance Company	3.3%

Portfolio Review

For the first two weeks of 1973, Canadian stocks continued the strong rise which had begun in November 1972. This actually carried the Toronto Stock Exchange Industrial Index to an all time high of 229.32. This particular rise had lasted about ten weeks, during which time this Index moved almost 13% from a low of 203.01 in early November to 229.32 in mid January.

For the rest of the first quarter, the market see-sawed up and down. The T.S.E. Industrial Index closed at 223.77 up approximately 1% for the three months. This is in direct contrast to the U.S. stock market which declined during the quarter. The market was featured by a strength in metals, and paper and forest products, and by weakness in oils.

The price-earnings ratio of the T.S.E. Industrial Index, based on the latest twelve months earnings actually declined from the end of December when it was 17.6 to 16.3 at the end of March. The ratio is based on latest twelve months earnings, and increased earnings were being reported by many companies during the quarter. Indeed, it has been estimated that net profits after taxes in 1972 were up 24% over 1971, which is one of the largest gains in many years.

The yield on the Index remained under 3% during the quarter. Obviously dividends were not increased at the same rate as earnings, and the yield has tended to trail down to the lower level of its historical range.

At the end of the quarter, the five largest holdings represented 21% of the Fund. The Steel Company of Canada dropped out of the top five and was replaced by Great West Life Assurance Company.

The cyclical section of the portfolio was increased from 25% at 1972 year end to 30% at 31 March. This was done through additions to metals and paper and forest products. New stocks added to these groups during the quarter were Algoma Steel, Rio Algom Mines, Sherritt Gordon and MacMillan Bloedel. Some additions were also made to existing holdings.

The consumer category remains the largest at 47%, just slightly down from the year end when it was 48%.

The only new stock added in the consumer section was T. G. Bright, one of Canada's leading wine companies.

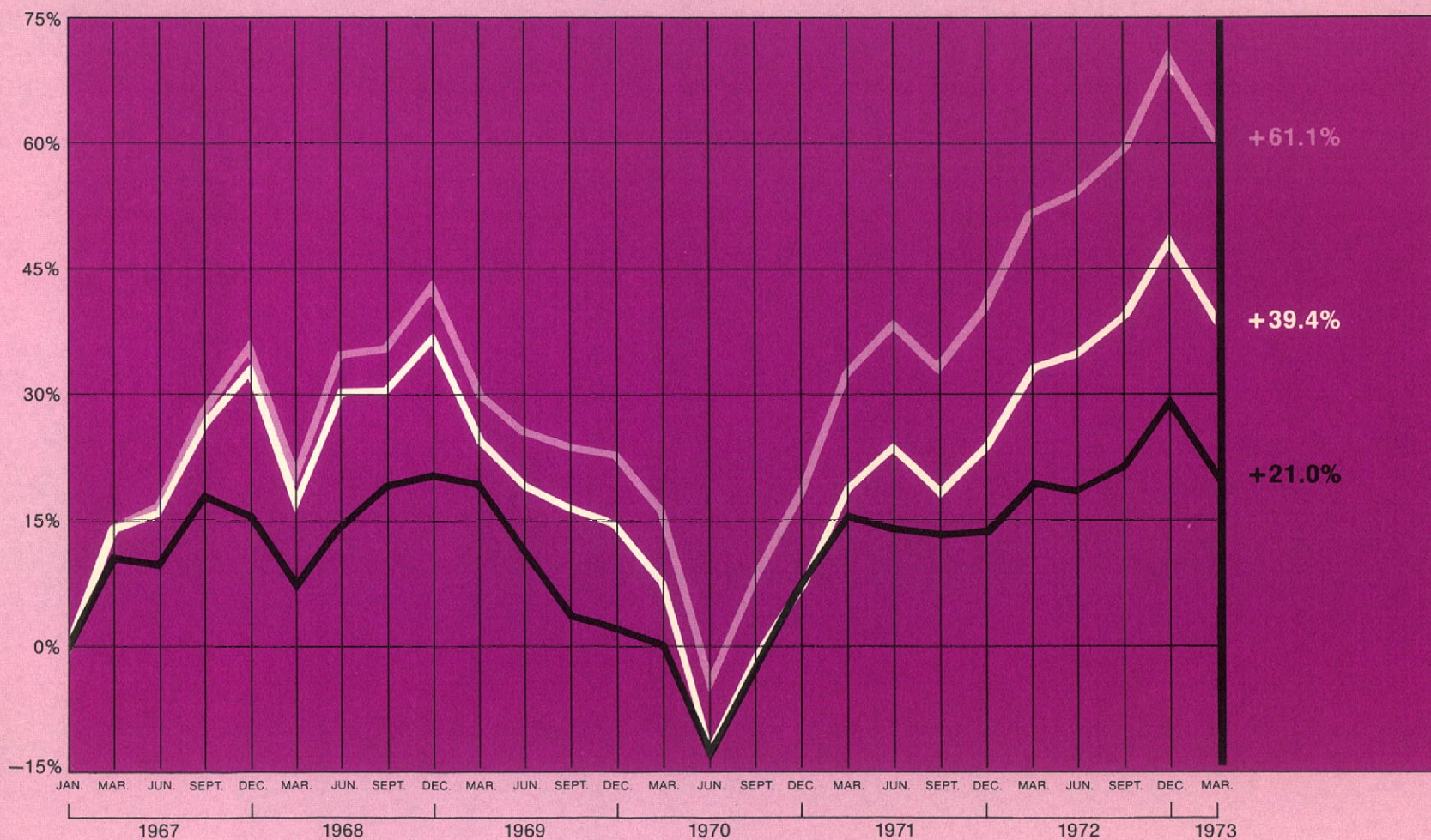
The fund was virtually fully invested at 31 March with a cash reserve of 2.4%.

International Equity Fund



Comparisons Between

	GRAPH COLOUR	VALUE MAR. 31/73	VALUE DEC. 31/72	PERCENT CHANGE OVER QUARTER	PERCENT CHANGE SINCE INCEPTION
International Equity Fund	□	\$ 13.94	\$ 14.87	-6.3%	+ 39.4%
International Equity Fund (Incl. Income)	■	\$ 16.11	\$ 17.11	-5.8%	+ 61.1%
Dow Jones Industrial Average	■	951.01	1,020.02	-6.8%	+ 21.0%



International Equity Fund

Investment Portfolio

Par Value Shares	Convertible Securities or Common Stocks	Market Price (U.S.)	Market Value Mar. 31, 1973 (CDN.)	Par Value Shares	Convertible Securities or Common Stocks	Market Price (U.S.)	Market Value Mar. 31, 1973 (CDN.)
Banks—8.6%				Food & Beverages—4.2%			
13,000	Citizens & Southern National Bank, Georgia	24 $\frac{7}{8}$	\$ 323,052	3,700	Coca-Cola Company	139 $\frac{3}{4}$	\$ 516,558
10,000	First Chicago Corporation	55	549,450	6,100	General Mills, Inc.	60	365,634
5,164	First International Bank Shares	44 $\frac{1}{2}$	229,568				\$ 882,192
5,000	J. P. Morgan & Co. Inc.	97 $\frac{1}{2}$	487,013	Hospital Supply—3.0%			
5,000	North Carolina National Bank	37 $\frac{3}{4}$	188,561	3,150	American Hospital Supply Corporation	47	\$ 147,902
			\$ 1,777,644	4,000	Johnson & Johnson	121 $\frac{3}{8}$	\$ 485,015
Drugs—5.8%							\$ 632,917
8,675	Merck, Inc.	95 $\frac{5}{8}$	\$ 828,717	Insurance—3.6%			
2,500	Schering-Plough Corp.	149	372,128	10,000	Colonial Penn. Group	59 $\frac{3}{8}$	\$ 593,156
			\$ 1,200,845	2,000	M.G.I.C. Investment Corp.	73 $\frac{1}{2}$	146,853
Electrical Equipment—3.2%							\$ 740,009
10,200	General Electric Company	64 $\frac{1}{2}$	\$ 657,242	Electronics—11.7%			
4,400	A.M.P. Incorporated	120 $\frac{1}{4}$	\$ 528,571	15,000	Perkin-Elmer Corporation	34 $\frac{7}{8}$	522,602
15,000	Sony Corp.	46 $\frac{3}{4}$	817,307	17,500	Texas Instrument Inc.	162 $\frac{1}{2}$	568,181
3,500			\$ 2,436,661				



Par Value Shares	Convertible Securities or Common Stocks	Market Price (U.S.)	Market Value Mar. 31, 1973 (CDN.)
Miscellaneous—4.5%			
7,000	Minnesota Mining & Manufacturing Company	84½	\$ 590,909
13,000	Huyck Corporation	27¼	353,896
			<u>\$ 944,805</u>
Office Equipment—17.3%			
5,534	International Business Machines Corporation	431½	\$ 2,385,533
8,000	Xerox Corporation	151¼	1,208,790
			<u>\$ 3,594,323</u>
Oil—2.4%			
6,500	Atlantic Richfield Company	78	\$ 506,493
Personal Care—2.6%			
4,000	Avon Products Incorporated	134	\$ 535,464
Photography—3.8%			
5,625	Eastman Kodak Company	141	\$ 792,332
Retail Trade—10.2%			
15,000	S. S. Kresge Co.	39½	\$ 591,908
21,500	Marcor, Inc.	21¼	467,157
5,000	J. C. Penney Co.	91⅞	458,916
6,000	Sears-Roebuck	101½	608,391
			<u>\$ 2,126,372</u>

Par Value Shares	Convertible Securities or Common Stocks	Market Price (U.S.)	Market Value Mar. 31, 1973 (CDN.)
Service—4.8%			
10,000	American Express Co.	58½	\$ 584,415
25,900	Ramada Inns Inc.	15⅞	410,751
			<u>\$ 995,166</u>
Utilities—5.2%			
10,000	Allegheny Power System, Inc.	20	\$ 199,800
8,000	Continental Telephone Corporation	23¼	185,814
11,600	Southern California Edison Company	25	289,710
10,000	Southern New England Tel.	40½	404,595
			<u>\$ 1,079,919</u>
Reserve 9.1%			
	Cash & Short-Term Notes		\$ 1,881,622
			<u>\$ 1,881,622</u>
Total Assets as at Market Mar. 31, 1973			<u>\$20,784,006</u>

International Equity Fund

Portfolio Analysis

Portfolio Balance

	Mar. 31/72	Dec. 31/72	Mar. 31/73
Common Stock & Equivalents	97.6%	99.2%	90.9%
Reserve	2.4	0.8	9.1
	100.0%	100.0%	100.0%

Portfolio Composition

	Mar. 31/72	Dec. 31/72	Mar. 31/73
Consumer Products & Services	30.3%	35.1%	40.2%
Cyclical	15.2	9.9	4.5
Energy	4.2	2.4	2.4
Regulated	6.5	5.7	5.2
Technology	41.4	43.7	38.6
Reserve	2.4	3.2	9.1
	100.0%	100.0%	100.0%

Largest Common Stock Holdings as at Mar. 31, 1973 (By Market)

	Percent of Total Portfolio
International Business Machines Corporation	11.5%
Xerox Corporation	5.8%
Merck, Inc.	4.0%
Sony Corp.	3.9%
Eastman Kodak Company	3.8%

Portfolio Review

After rising more strongly than the Canadian market in the fourth quarter of 1972, the American stock market actually fell by a significant amount in the first three months of this year.

	31 December 1972	31 March 1973	Change
Dow Jones Industrials	1020.02	951.01	-6.8%
Standard & Poor 425	131.87	125.00	-5.2
Standard & Poor 500	118.05	111.52	-5.5
N.Y.S.E. Composite	64.48	59.58	-7.6

Early in January the Dow Jones Industrial Average moved to an all time high of 1051.70. After reaching that lofty peak, it descended in irregular zig zags to close about 100 points lower, 9.6% below the peak. At the same time that the market was declining, higher earnings were being reported by many companies so that price-earnings ratios tended to decline.

	Close 31 March 1973	Estimated Earnings 1973	Price Earnings Ratio
Standard & Poor 425	125.00	7.75	16.1
Dow Jones Industrials	951.01	74.00	12.9

At the end of 1972, the Standard & Poor 425 Industrials were selling at a price-earnings ratio of 19.1 on then estimated 1972 earnings. Similarly at year end, the Dow Jones Industrials were at 15.7 times estimated 1972 earnings. Historically the current price-earnings ratios seem eminently reasonable.

During the first quarter the consumer products and services category was boosted from 35% to 40% of the portfolio. The principal additions were in banks, insurance and electronics. New companies added to the portfolio included American Express, First Chicago Corporation, J. P. Morgan, North Carolina National Bank, MGIC, (the leading mortgage insurance company in the U.S.) and Sony Corporation.

The cyclical category was reduced during the quarter and was only 4.5% of the portfolio at 31 March. The technology section was slightly lower at 39% compared to 44% of year end.

International Business Machines was still the largest single holding (11.5% of the portfolio) although it was cut back slightly in the quarter. Xerox Corporation was second largest and at 6%, it was about 1% larger than at 31 December 1972.

Merck replaced Eastman Kodak as the third largest holding and Sony Corporation was fourth.

The five largest holdings comprised almost 30% of the total fund.

The cash position was 9.1% at the end of the quarter, providing the Fund with an ample buying reserve.

Unit Values of Diversified Investment Funds Since Inception



Fixed Income Fund

Canadian Equity Fund

International Equity Fund

	UNIT VALUE	INCOME QTR/MO.	VALUE INCL. INC.	UNIT VALUE	INCOME QTR/MO.	VALUE INCL. INC.	UNIT VALUE	INCOME QTR/MO.	VALUE INCL. INC.
1966 Dec. 31	\$10.00		\$10.00	\$10.00		\$10.00	\$10.00		\$10.00
1967 Mar. 31	10.35	\$.15250	10.50	11.02	\$.08496	11.11	11.34	\$.07453	11.42
Jun. 30	9.93	.15802	10.24	11.45	.06572	11.61	11.55	.03725	11.67
Sept. 30	9.64	.15580	10.10	12.25	.08703	12.51	12.60	.05288	12.79
Dec. 31	9.52	.15734	10.14	12.65	.09396	13.02	13.28	.05561	13.54
1968 Mar. 31	9.31	.15230	10.08	11.70	.04903	12.09	11.70	.08460	12.01
Jun. 30	9.27	.15638	10.20	13.82	.11686	14.41	13.01	.08619	13.44
Sept. 30	9.40	.14994	10.51	15.80	.08629	16.57	13.05	.04973	13.54
Dec. 31	9.45	.14652	10.73	17.06	.11004	18.00	13.67	.05368	14.24
1969 Mar. 31	9.52	.16292	11.00	17.43	.15656	18.56	12.43	.06699	13.02
June 30	9.42	.16498	11.07	16.17	.15326	17.37	11.90	.06998	12.53
Sept. 30	9.37	.18507	11.23	16.39	.16343	17.79	11.62	.12530	12.37
Dec. 31	9.05	.20602	11.09	16.99	.11949	18.57	11.40	.12480	12.27
1970 Mar. 31	9.26	.17651	11.57	15.54	.15469	17.15	10.72	.12092	11.66
June 30	9.18	.18571	11.70	12.93	.13116	14.40	8.76	.11073	9.64
Sept. 30	9.30	.19003	12.10	13.82	.17910	15.60	9.83	.06254	10.89
Dec. 31	9.64	.19492	12.80	14.03	.13295	15.98	10.62	.04831	11.82
1971 Mar. 31	9.82	.19593	13.33	15.03	.12995	17.28	11.84	.05244	13.24
June 30	9.64	.18892	13.31	15.04	.12842	17.44	12.30	.04849	13.81
Sept. 30	9.90	.20070	13.96	14.59	.11095	17.05	11.79	.05142	13.30
Dec. 31	10.06	.19743	14.46	15.19	.10311	17.87	12.32	.05237	13.96
1972 Mar. 31	10.00	.06384	14.64	16.60	.04316	19.67	13.30	.01673	15.14
June 30	9.93	.06182	14.81	16.95	.04607	20.21	13.46	.01568	15.37
Sept. 30	9.97	.06003	15.16	17.78	.02511	21.32	13.92	.01595	15.96
Dec. 31	10.16	.06285	15.73	18.95	.05493	22.88	14.87	.01135	17.11
1973 Jan. 31	10.17	.06315	15.84	19.00	.02211	22.97	14.53	.01892	16.74
Feb. 28	10.15	.05573	15.90	18.80	.01716	22.74	14.03	.01841	16.18
Mar. 31	10.13	.06141	15.96	18.87	.05457	22.90	13.94	.02677	16.11

INTERNATIONAL TRUST COMPANY

AFFILIATED WITH

FIRST NATIONAL CITY BANK

TORONTO

101 RICHMOND STREET WEST

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1